

Message Text

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ACTION AF-04

INFO OCT-01 SS-14 ISO-00 L-01 EB-03 SP-02 PRS-01 INR-05

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P 131541Z DEC 74

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC PRIORITY 7210

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LIMDIS

E.O. 11652: N/A

TAGS: EINV, NI

SUBJ: NEGOTIATIONS OF FMG PARTICIPATION IN INSURANCE
COMPANIES

REF: STATE 272127 AND PREVIOUS

1. MINTRADE CALLED EMBASSY EARLY DEC 13 TO SAY THERE COULD
BE NO DELAY IN MEETING WITH AIIC SCHEDULED FOR 11 O'CLOCK
SAME DAY. NO EXPLANATION GIVEN.

2. PURSUANT REFTTEL, EMBOFFS MET WITH ADESOYE AND AIDES EVENING
OF DEC 12, ADESOYE PROMISED EMBOFFS ONLY THAT HE WOULD RELAY OUR
REQUEST FOR DELAY TO PERMSEC ADEYEYE. HE CAUTIONED REPEATEDLY THAT
A DELAY WOULD BE DIFFICULT SINCE THE COMMISSIONER, THE
PERMSEC, AND HE WOULD BE ABSENT FROM LAGOS DURING LAST TWO
WEEKS OF DECEMBER. MEETING AFTER THAT TIME OUT OF QUESTION
SINCE, ACCORDING TO ADESOYE, FMG PARTICIPATION IN INSURANCE
COMPANIES IS TO BE EFFECTIVE FROM JAN. 1. HE DENIED
PROMISING SEVEN DAY NOTICE TO AIICN SAID THAT HE MEANT MERELY
THAT COMPANY WOULD HAVE SEVEN DAYS BETWEEN SESSIONS.
(STATON SAYS ADESOYE NEVER STATED DEFINITELY THAT
JANUARY MEETING NOT POSSIBLE. NOR DID HE RESPOND
NEGATIVELY TO COX'S REQUEST FOR MINIMUM OF SEVEN DAY
NOTICE. COX THUS LEFT TOWN BELIEVING HE WOULD HAVE AT
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LEAST WEEK'S NOTICE PRIOR TO ANY NEW ROUND.)

3. ADESOYE TOLD EMBOFFS HE COULD NOT UNDERSTAND NEED FOR DELAY AND ASKED REPEATEDLY WHY STATON (TO WHOM HE REFERRED IN MILDLY DISPARAGING TERMS) COULD NOT HANDLE NEGOTIATIONS WITHOUT HELP FROM U.S. HE SAW NO NEED FOR FURTHER PREPARATION ON COMPANY'S OR FMG'S PART SINCE EACH KNEW THE OTHER'S POSITION WELL FOLLOWING THREE DAYS OF NEGOTIATIONS, THE LONGEST ANY COMPANY HAD BEEN GRANTED. ADESOYE MAINTAINED ONLY THE TWO US COMPANIES, AIIC AND BRITISH AMERICAN, WERE BEING TROUBLESOME. AS PROOF HE SHOWED EMBOFFS DRAFT MIN INFO RELEASE ANNOUNCING FMG PARTICIPATION IN FOUR OTHER INSURANCE COMPANIES. ALL HAD SETTLED FOR PAR (APPARENTLY, 2 IN EACH CASE) EVEN THOUGH, HE CLAIMED, THEY WERE LONGER ESTABLISHED, BETTER MANAGED AND MORE VALUABLE THAN US FIRMS. HE RETURNED PERIODICALLY TO THE POINT THAT COMPANIES SHOULD BE EAGER FOR FMG PARTICIPATION BECAUSE OF "NEW AREAS OF PROFIT MAKING" THAT GOVERNMENT PARTICIPATION WOULD OPEN TO THEM. WITHOUT FMG PARTICIPATION COMPANIES WOULD FACE BLEAK FUTURE. WHETHER THIS A THREAT, AS STATON CHOOSES TO VIEW IT, OR MERELY STATEMENT OF FACT AS ADESOYE SEES IT, NOT CLEAR.

4. STATON JUST INFORMED CHARGE HE MET WITH ADESOYE 12:00 DECEMBER 13. MEETING OPENED IN CORDIAL ATMOSPHERE. ADESOYE GREATLY DISAPPOINTED THAT MR. COX WAS NOT COMING (BECAUSE OF INSUFFICIENT NOTICE) AND THAT STATON WAS AUTHORIZED ONLY REPEAT EARLIER AIIC OFFER. STATON URGED MOST STRONGLY THAT ADESOYE GIVE AIIC UNTIL FRIDAY, DECEMBER 20, WHEN COX COULD COME AND NEGOTIATE WITH HIM. ADESOYE SAID THIS WOULD BE DIFFICULT, BUT HE WOULD SEE WHAT COULD BE ARRANGED. STATON IS TO SEE HIM 10.00 A.M., DECEMBER 4 FOR RESPONSE ON THIS.

5. BRITISH AMERICAN, WHICH WAS OFFERED ONE HALF PAR (N1) PER SHARE IN INITIAL ROUND OF NEGOTIATIONS DECEMBER 6, WAS TO HAVE SECOND AND PRESUMABLY FINAL SESSION AFTERNOON OF DECEMBER 13. CHAIRMAN R. PEYTON WOODSON III AND PRESIDENT HENS VANDERSCHOOT ARE IN LAGOS FOR MEETING. COMPANY PLANS TO REJECT FMG OFFER AND REQUEST COUNTER OFFER IN RANGE 10-12-14 N PER SHARE. THEY WILLING TO OFFER TO SETTLE FOR THIS AMOUNT, EVEN THOUGH COMPANY EVALUATED BY INDEPENDENT ACTUARY IN EXCESS N200 PER SHARE BECAUSE THEY BELIEVE IT UNREALISTIC TO EXPECT FMG TO ANTE UP ANYTHING NEAR LIMITED OFFICIAL USE

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LATTER FIGURE. IN THIS REGARD BRITISH AMERICAN EXECS VOLUNTEERED THAT AIIC BEING "NAIVE" TO DEMAND N416 PER SHARE, OR INDEED ANY AMOUNT IN THREE FIGURES.

6. EMASSY WILL REPORT FURTHER DETAILS WHEN AVAILABLE.
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